UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Washington, D.C.

CANADIAN TRADE AGREEMENT AND LIVESTOCK

The new trade agreement with Canada is intended to provide the American livestock and related industries with an opportunity to regain some of their lost export trade, according to Secretary of Agriculture Wallace. All Canadian import duties on livestock and meat are reduced by the agreement, the new rates on hogs and hog products being lower than those in effect in 1929. In addition, all Canadian imports of livestock and meat will be exempt from advanced valuation after January 1, 1936.

Of the fresh and preserved meats imported into Canada from the United States, cured and pickled pork constitutes the most important item. In the fiscal year 1929-30, Canada imported about 19,000,000 pounds of American cured and pickled pork, equivalent to the product of at least 271,500 average American hogs. In 1933-34, imports of this item had shrunk to 4,000,000 pounds.

The duty which will apply after January 1, 1936, on all imports of cured pork from the United States is 1-3.4 cents per pound as compared with the present rate of 5 cents per pound and a 1929 rate of 2 cents. Prior to the advance in 1930 of the Canadian import duties, imports into that country of American hams, shoulders, and bacon alone amounted to nearly 8,000,000 pounds against only 10,000 pounds 4 years later.

The reduction of 12 percent in the Canadian duty on lard is intended to furnish the basis for improving the foreign outlet for American lard. The movement of American lard to Canada has not been large in the past, but exports increased from less than 1,000,000 in 1929-30 to nearly 3,000,000 pounds in 1933-34, representing the lard from about 85,000 hogs weighing 230 pounds each. The agreement rates on sausage casings entering Canada are about 14 percent below present duties, while the rate on live hogs has been cut from 3

cents to 1 1/4 cents per pound, or 58 percent. The Canadian rate in effect in 1929 was 1 1/2 cent per pound.

Other duty reductions of interest to American livestock producers include a cut of 50 percent in the rate on horses, one of 33 percent on cattle and sheep, and reductions of 25 percent in the duties on fresh beef, veal, and lamb. The duty on canned meats and extracts has been reduced by Canada 14 percent below the present rate.

With respect to reductions in the United States duties on livestock, concessions were made by this country in the duties on cattle weighing 700 pounds or more and on cattle weighing under 175 pounds. The United States duty on cattle weighing 700 pounds or more was reduced from 3 cents to 2 cents per pound on a limited quantity. The new rate is still somewhat higher than that which prevailed prior to 1930. The reduction of the duty on calves from 2 1/2 to 1 1/2 cents per pound also applies only to a limited quantity. A reduction from 3 cents to 1 1/2 cents per pound was also granted on 20,000 head of dairy cows weighing 700 pounds or more. No other changes were made in the American duties on livestock or livestock products.

The number of cattle in Canada in 1934, not including dairy cows, totaled only about 5,000,000 head as compared with more than 40,000,000 in the United States, and it is therefore impossible for Canada to supply any large amount of the American cattle market. As a protection to cattlemen in the United States, however, the number of cattle weighing 700 pounds or more that may come into this country is limited to three fourths of one percent of the average total slaughter of cattle and calves in the United States during the period from 1928 to 1932 - or 155,799 head. The importation of calves is limited to one fourth of one percent of the total average slaughter, or 51,933 head. Thus, the agreement is intended to assure that importations

in any one year cannot be large enough to affect materially cattle and calf prices in the United States.

In connection with the quota limitations on imports of cattle and calves, it should be pointed out that they cover imports from all countries, and not alone imports from Canada. Cattle from Mexico, for instance, could be admitted under the quota if they met the weight requirements. Mexican cattle marketed in the United States, however, generally weigh less than 700 pounds and are still subject to the 3-cent rate.

Secretary Wallace has stated his opinion that the American market for most farm products including livestock, should be substantially stimulated by the increase in industrial payrolls that will unquestionably result from increased employment because of concessions made by Canada to American industry. Under the present tariff rates, the annual value of dutiable non-farm products exported from this country to Canada dropped from 400 million dollars to 100 millions in 15 years.

---0---